



# Milk Pricing

## NEWSLETTER

Dairy Marketing Branch, CDFA

June 2002

### NATIONAL BUTTER MARKET CONTINUES TO SOFTEN

The minimum price of milk, established by the Department each month, is the price that dairy processors must pay for milk used to produce dairy products. National commodity prices, primarily butter, Cheddar cheese, and nonfat dry milk, are significant factors in determining the minimum milk price (*See national commodities prices chart on page 2*).

The national commodity price for butter increased slightly compared to last month and caused the price for whole milk to increase by three tenths of a cent per gallon. Similarly, reduced-fat milk increased only one tenth of a cent per gallon. Lowfat and skim milks each decreased one tenth of a cent per gallon.

The national commodity prices for Cheddar cheese and nonfat dry milk both decreased from last month. Butter production and storage inventories across the nation are currently heavy. USDA reports that strong ice cream production, coupled with June Dairy Month promotions, increased the demand for cream, helping the butter price to remain steadier than last month.

The table below shows individual prices for the four types of fluid milk by container size and the price changes from the previous month. The prices listed represent the minimum price paid by processors for the milk only - no other processing costs are included.

#### Minimum Prices for the Four Types of Fluid Milk by Container Size for July 2002

<b>Northern California</b>	<b>Gallon</b>	<b>1/2 Gallon</b>	<b>Quart</b>	<b>Pint</b>	<b>1/3 Quart</b>	<b>1/2 Pint</b>
Whole Milk	\$1.076	\$0.538	\$0.269	\$0.135	\$0.090	\$0.067
Reduced Fat (2%)	\$1.015	\$0.507	\$0.254	\$0.127	\$0.085	\$0.063
Lowfat (1%)	\$0.983	\$0.491	\$0.246	\$0.123	\$0.082	\$0.061
Nonfat (Skim)	\$0.759	\$0.380	\$0.190	\$0.095	\$0.063	\$0.049

#### **Southern California**

Whole Milk	\$1.100	\$0.550	\$0.275	\$0.137	\$0.092	\$0.069
Reduced Fat (2%)	\$1.039	\$0.519	\$0.260	\$0.130	\$0.087	\$0.065
Lowfat (1%)	\$1.007	\$0.503	\$0.252	\$0.126	\$0.084	\$0.063
Nonfat (Skim)	\$0.783	\$0.392	\$0.196	\$0.098	\$0.065	\$0.049

#### Price Changes from the Previous Pricing Period

	<b>Gallon</b>	<b>1/2 Gallon</b>	<b>Quart</b>	<b>Pint</b>	<b>1/3 Quart</b>	<b>1/2 Pint</b>
Whole Milk	\$0.003	\$0.001	\$0.001	\$0.000	\$0.000	\$0.000
Reduced Fat (2%)	\$0.001	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Lowfat (1%)	\$0.001↓	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Nonfat (Skim)	\$0.001↓	\$0.001↓	\$0.000	\$0.000	\$0.000	\$0.000

**California Department of Food and Agriculture (CDFA)**

**William (Bill) Lyons Jr., Secretary**

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## Minimum Prices for the Milk Component of Various Manufactured Dairy Products

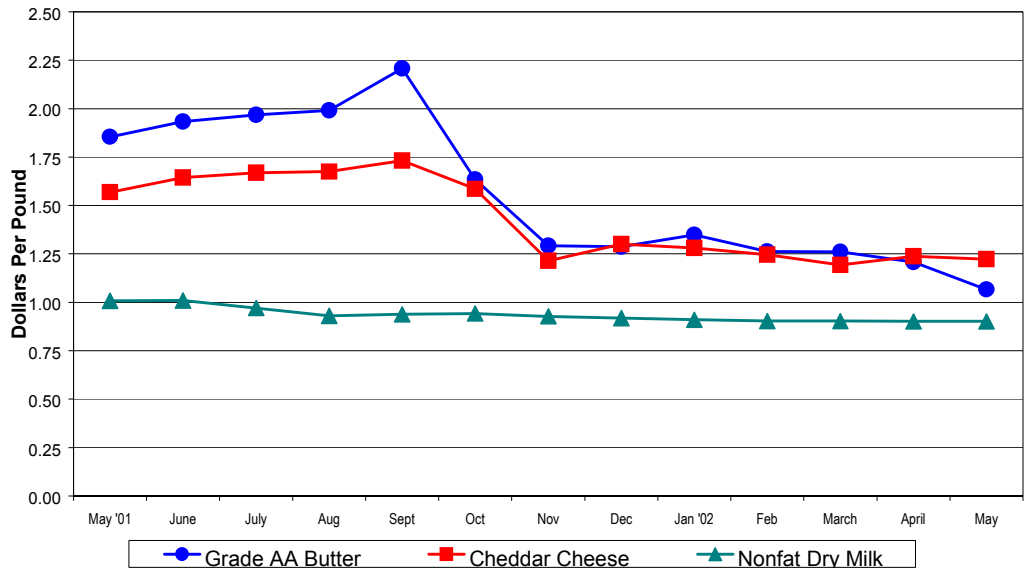
The minimum prices for the raw milk component used by processors in manufacturing dairy products are listed in the table to the right. No other costs incurred by the processor are included, such as:

- milk quality premiums,
- milk composition premiums,
- competitiveness for availability of milk premiums,
- transportation costs,
- plant processing costs,
- service charges

	Lowfat Yogurt (\$/quart)	Super- Premium Ice Cream (\$/1/2 gal)	Generic Ice Cream (\$/1/2 gal)	Butter (\$/lb)	Cheese (\$/lb)
February	\$0.21	\$1.32	\$0.51	\$1.11	\$1.04
March	\$0.21	\$1.32	\$0.51	\$1.10	\$1.02
April	\$0.20	\$1.25	\$0.48	\$1.04	\$1.06
May	\$0.20	\$1.25	\$0.48	\$0.92	\$1.02
June	\$0.20	\$1.16	\$0.45	_____	_____

### National Commodity Prices for May 2001 - May 2002

Grade AA Butter,  
Cheddar Cheese, and  
Nonfat Dry Milk Prices  
Used in the Calculation  
of California Milk  
Prices



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